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Country profiles on housing and land management

Draft Executive Summary of the publication "Country Profile on Housing and Land Management - Belarus"

Note by the secretariat

Summary

This document contains the draft Executive Summary of the Second Country Profile of Belarus. It provides an overview of the housing and urban development situation in the country and key policy recommendations.

The Committee will be invited to endorse the policy recommendations and approve the publication of the Country Profile of Belarus.

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I. Introduction

1. The first Country Profile on Housing and Land Management for the Republic of Belarus was published in 2008.[1]

2. The Committee on Housing and Land Management, at its seventy-sixth session, approved the preparation of the second Country Profile on Housing and Land Management for the Republic of Belarus.

3. The secretariat undertook a preliminary mission to the Republic of Belarus in December 2017, and a research mission in May-June 2018.

4. This document contains the draft Executive Summary of the Country Profile and key selected policy recommendations. The full draft publication is available in the information document Draft ECE Country Profile of Housing, Urban Development and Land Management of Belarus, ECE/HBP/2018/Inf.14.

II. Executive Summary

5. The executive summary provides an overview of the housing and urban development situation in the Republic of Belarus, and preliminary policy recommendations.

A. General situation

6. The total area of the Republic of Belarus is approximately 207,600 km^2; its population is 9.45 million. The country has no access to the sea. Its favourable economic and geographical location contributes to the development of trade relations with its neighbours, both to the east and the west. Transit routes and main oil and gas pipelines from Russia to the European Union pass through the country.

7. In 2010-2016, the GDP of Belarus increased in comparable prices by 11.2%, with an increase in labour productivity during this period of 17.8%. GDP per capita at purchasing power parity in the Republic increased from 15,400 US dollars in 2010 to 17,700 US dollars in 2015.

8. By 2015, the real GDP of Belarus was almost 2.5 times higher than in 1981. However, since 2010, the growth rate of the economy has slowed down significantly, and it is not clear whether it will be able to return to past rates, as the overall slowdown in economic development in both the European Union countries and in the Russian Federation can strongly influence the growth dynamics of the Belarusian economy.

9. Belarus has made considerable advances in housing policy, urban planning and development and land administration system since the last Country Profile study carried out in 2008.

B. Housing sector

10. The state has a strong presence in the housing sector, not only in the construction of housing, but also in the management, maintenance and modernization of the housing stock.

[1] https://www.unece.org/fileadmin/DAM/hlm/prgm/cph/countries/belarus/CPBelarus.e.pdf.

1. Housing Policy

11. The housing policy is aimed at ensuring the availability of housing for citizens, and creating safe and comfortable living conditions. The legal basis of the housing policy is well developed. The state Housing Policy of the Republic of Belarus for the period until 2016 (adopted in 2013) is aimed at improving the living conditions of the population by (i) providing state support to certain categories (vulnerable groups) of citizens; and (ii) developing existing, and creating new, financial mechanisms for housing construction on a commercial basis, increasing funding for rental housing.[2]

12. The state programme "Construction of housing for 2016-2020" (adopted in 2016) defines the goal of the housing policy - to increase the level of provision of affordable and high-quality housing to the population. This goal is expected to be achieved primarily through the use of funds from non-budget sources of financing and long-term lending to citizens for the purchase of housing, and also through the use of budgetary resources. The measures are expected to stimulate the development of the housing market.

13. State programmes for affordable housing provision are aimed at stimulating the acquisition (ownership) of housing by citizens. Measures of state support include preferential loans for the acquisition of newly constructed housing and the allocation of land plots for individual housing construction.

2. Housing demand

14. In 2017, 678,000 households were registered as needing improved housing conditions, which is 20% less than in 2010. Households in need of improved living conditions include those with less than 15 m^2 per person of the total area of living space; the amount of household income is not taken into account for registration. Citizens who are registered as needing improved housing conditions have the right to receive a loan under preferential terms and subsidies for housing construction.

15. There is a separate registry of households which are entitled to receive social housing from the state. The legislation defines twelve categories of citizens entitled to social housing (including, disabled, senior citizens, young families and other) [3]. The households eligible for social housing are those from these twelve categories for whom the average monthly aggregate income for each family member does not exceed an approved minimum subsistence level.

3. Rental housing

16. Rental housing includes state and municipal housing stock, as well as residential premises that are privately owned (mainly by citizens) that are rented on market terms. The total share for rental housing in the state (including municipal) housing stock in 2017 was 5.8%.

17. State and municipal housing stock properties are rented under contracts of "commercial" hiring or contracts of social housing hiring.

4. Housing construction

18. Due to the slowdown of the economic development, rates of housing construction have been declining since 2014. In 2017, 3.79 million m^2 were built, which is the lowest amount during 2011-2017.

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[2] Adopted in 2003.

[3] Please see full list at http://xn----htbdbkahjcdxp6bzg5a.xn--90ais/statya-111

19. State developers have advantages over private developers in the provision of land for construction. Since 2013, only state developers have the right to build housing for citizens who are in need of improved housing conditions and who have received preferential loans for housing construction.

5. Housing fund

20. The total area of the housing stock as of 1 January 2018 was 256.4 million m^2. 70% of the housing stock is in urban settlements. The total area of the multi-apartment housing stock is 70% of the total housing stock.

6. Management, maintenance, renovation and modernization of apartment buildings

21. In accordance with the legislation, the following actors are involved in the management of multi-apartment buildings:

- owners of individual apartments, if the apartment house does not have more than 10 apartments;
- associations of owners (an analogue of partnerships of homeowners in other countries) or organizations of developers (housing and construction consumer cooperatives);
- authorized representatives of a state organizations responsible for the management of services and maintenance of apartment buildings.

22. Private organizations do not have the right to manage multi-apartment buildings. Associations of owners and housing construction cooperatives have the right to maintain apartment buildings by themselves or to involve in renovation and maintenance housing and communal services organizations, but only state-owned ones.

23. Currently, more than 52% of associations of owners and housing construction cooperatives have entered into contracts for the maintenance of apartment buildings with state housing and communal services organizations, while 48% independently maintain their apartment buildings.

24. Major capital renovation of apartment buildings are carried out within the framework of five-year programmes adopted by local executive bodies, and annual schedules are in accordance with confirmed amounts of financing.

25. Financing for the capital renovation comes from two sources - the local government budgets and funds paid by the owners and tenants of premises in apartment buildings. The owners of the premises pay a prescribed capital repair fee to the account of the state organization of the housing and communal services serving the apartment building or to a special account opened by the executive authorities for the accumulation of the funds.

26. The capital renovations do not include works for thermal modernization of residential buildings due to its very high cost. However, over 56% of residential buildings have annual energy consumption for heating of 120-200 kWh / m^2 while the required standard of consumption of heating energy by a residential house is 90 kWh / m^2. Therefore, there is a need in the government support and coordination of organization of thermal renovation in residential buildings.

27. There is an ongoing discussion on approaches to the organization of large-scale thermal modernization of the housing stock. It is proposed that the thermal modernization is financed both from the funds of apartment owners and from local budgetary funds and the inhabitants pay for the thermal modernization paid into special bank accounts opened by

local governments. Further local governments use these funds for thermal modernizatio[illegible] according to a plan that they establish.

28. The Preliminary recommendations are as follows:

- To increase the volume of housing construction, it is recommended to create equal conditions for public and private housing developers;
- To meet the housing needs of low-income households and to ensure labour mobility, it is recommended to develop a strategy for the development of an affordable rental sector, including non-public rental housing; and
- To improve the management and maintenance of multi-family housing, it is recommended:
  - to abolish restrictions on the participation of private businesses in the provision of housing management and maintenance services;
  - to change the approach to the organization and financing of capital repairs and modernization of housing; and
  - to support the activities of associations of owners as stand-alone customers for the renovation and thermal modernization of apartment buildings, including through the provision of subsidies and soft loans.

C. Housing construction

29. The state programme of socio-economic development until 2020 established correlation of the cost of housing for purchase with the average wage level in Belarus. According to the Government, this goal can be achieved by, among others, maximizing the use of domestic building materials. To this end, the regulatory and legal framework provides for the application of special measures to support domestic producers in the implementation of tender procedures. Thus, the legislation regulating procurement during construction introduces a preferential treatment regarding the price of participation in the tender for goods (works, services) produced in Belarus, as well as in countries with which Belarus has concluded preferential trade agreements. This measure, aimed at supporting domestic producers, should, in the Government's view, help reduce the cost of housing construction. However, lack of competition among domestic providers of construction materials creates significant imbalance in the market of building materials. It allows the domestic producers to establish a higher price for building materials, which ultimately leads to a further rise in the cost of construction.

30. It should be noted that these and other measures aimed at curbing the cost of housing construction, implemented without strengthening control over anti-competitive practices, have not made it possible to achieve significant progress in improving the affordability of housing for the population. The price per square metre is growing, which is especially evident in the secondary housing market, where the average cost per square metre is almost double the average wage and cost of housing construction.

31. The preliminary recommendations are as follows:

- Assess the effectiveness of the measures applied to support national producers and of the measures for the technical regulation of imports of building materials and products, in order to identify possibilities for reducing the cost of housing construction. Implement additional measures to promote competition in the supply of construction materials for construction.

- Establish national regulations and standards which would stimulate the introduction of innovations in the housing construction and management and increase spending on financing research and development in the housing sector.

D. Land administration and management, including the legal and institutional frameworks

32. Belarus has made tremendous advances in its land administration system since the last Country Profile study carried out in 2008. Many of the recommendations in that Profile have been implemented, leading to a significant improvement in the security of tenure and the availability of data on the internet. Cadaster and land management have digitized their processes to a large extent and have created a true one-stop-shop service; proof is the rank on the Doing Business list: Registering Property position 5, in 2017.[4]

33. In general, society trusts the state organizations involved in land administration: the state Property Committee (SPC), the National Cadaster Agency (NCA) and the Institute for Land Use named "Belgiprozem", that is, the registration and cadastral services. Taxation on real estate is accepted as fair. Belgiprozem delivers the basis for the taxation, and appeals are quite rare.

34. The land registry is under the responsibility of the NCA. The intake and processing of contracts takes place in the district. The local offices are not subordinate to the NCA to the local governments. However, they report to the NCA for monitoring and evaluation purposes.

35. There is a huge interest in improving their performance (one-stop-shop, geoportals) and make every effort to automate the process digitalization of registers of real estate, cadastral and land management data is ongoing. In 2013, Belgiprozem launched a geo-portal with much relevant information.

36. Although interest rates are still high (14-16% on average, and 8.5% for improving dwellings, in 2017), the mortgage market is improving: interest rates are dropping (10.1% in 2018) and the number of mortgages is increasing significantly. However, banks are cautious to provide loans, and citizens cannot easily afford the interest rates, which are still relatively high.

37. Spatial planning is done at district and town level. Masterplans are well designed and are available in the geo-portal. Expropriation is used to make land available for construction and for other use (parks, road, etc). Fair compensation is given for the value of the land, as well as for the loss of production in future years, both for agricultural and forest land.

38. The Preliminary recommendations are as follows:

- Establish a National Spatial Data Infrastructure (NSDI). "Infrastructure for Spatial Information in Europe" is an EU initiative for creating an open and interoperable data infrastructure. Although elements of an NSDI are in place, a strategy should be drafted that covers the full implementation of the NSDI, focusing on identifying, searching, publishing and providing data sets with a geo-spatial component in both the Government and the private sector. The NSDI should include a legal framework, a financing model, specific standards, meta data, etc.

[4] See at http://www.doingbusiness.org/data/exploreeconomies/belarus

- Introduce a system of authentic registers. Although the registers for land, cost, address, etc, are considered as key/authentic registers, in practice, some specific elements of key registers are missing (legal framework, quality requirements, reporting of errors, etc).
- Amend the taxation system. It is recommended to raise the tax rate on real estate objects (land including the building) at market value prices. Three types of taxable objects would be distinguished: agricultural land, real estate objects, and special objects (industry, commercial buildings, office buildings, etc).
- Evaluate the position of the registrar. The registrar has an important role in the process of registration. However, his/her position can be compromised regarding undesired pressure from clients. It is recommended to carefully evaluate the pilot (introducing an intermediary person) and see if the registrar can be "disconnected" from the client. This could be achieved by introducing a front desk where clients could bring their applications, which would then be processed elsewhere in the country.
- Evaluate the effectiveness of the functioning of the registration system, since the responsibility is shared between the central office and the district office. The curator function seems strong, and should be maintained. It is also important to check the relationship with Belgiprozem, being responsible for the cadastral map and the preparation of technical document.
- Although the quality (completeness, actuality, integrity) has been considerably improved, it appears that further improvement is much needed (security title); this is acknowledged by the authorities. It is recommended to develop a programme that includes the analysis of the present situation and the preparation of a sound strategy for data improvement, the resources needed and clear delineation of tasks between the various parties. The SPC should oversee design, instruction and monitoring and the NCA, Belgiprozem, local offices and subordinate bodies could carry out activities.

E. Urban development

39. Implementation of the main directions of the state urban development policy of the Republic of Belarus for the periods of 2007-2010 and 2011-2015 contributed to the successful implementation of several state and regional programmes for urban development.

40. The country achieved remarkable stability in economic and social terms. However, the economy will have to cope with new trends, including digitalization and industry, which will impact the cities where industries are located.

41. Social inclusion and gentrification are subjects which are likely to gain more relevance for Belarus in the future.

42. The construction, with investors from different countries, of the China-Belarus Industrial Park in Minsk created jobs for 100,000 people, many of whom come from abroad. The Park offers major economic development opportunities for the city, the region and the entire country. However, there is a risk of possible imbalance; major investments in Minsk could make the capital even more attractive for people and investments, and may encourage more people to leave other urban and rural areas of the country.

43. The City of Minsk and the Minsk region (oblast) are implementing a joint General Plan, but there is no joint planning authority for the planning of the city and the region.

44. One of the innovative elements of the General Plan of the City of Minsk is that it allows for the protection of the area between the first and the second outer rings of Minsk as a "green belt". The green belt could, in the future, become indispensable as a green lung for the growing metropolis to remain a green city. Further development of the legal and regulatory framework for the protection of this green belt should be envisaged.

45. The preliminary recommendations are as follows:

- Challenges and opportunities related to the economy, social inclusion and the environment should be addressed through the development and implementation of a comprehensive National Urban Policy. It would include a vision for cities and for the overall city system of the country. It would suggest policy recommendations for long-term urban development and its enabling environment. As a coherent set of policy decisions of the Government, it could also support and coordinate sector policies (transport, economy, research, etc.) to better plan future investments and urban developments. In addition, the Policy could be used to implement the UN 2030 Agenda on Sustainable Development, the New Urban Agenda and the Geneva UN Charter on Sustainable Housing;
- Consider establishing a joint planning authority and a steering committee for the City of Minsk and the Minsk region;
- Consider the option of establishing a joint coordination body (e.g. steering committee) and a regional planning authority to coordinate the development, and oversee the implementation, of the green belt project in the General Plan of the City of Minsk;
- Update the General Plan so that it would better describe protected areas and areas to be developed. All stakeholders from the city and the region, including civil society, should be engaged in the planning process of the city and the region. This would unlock the full potential of the city regarding urban and regional development.
- Consider implementing capacity development programmes for urban and regional planners. Establish a training programme to foster exchange, knowledge transfer and peer-to-peer learning;
- Consider more active cooperation with EU programmes, such as the "Infrastructure for Spatial Information in Europe" programme for cross-border, transnational and interregional cooperation between cities and regions, to benefit from EU-funded projects.